

paying out their own notes or those of any person, firm, or corporation other than a national banking association.¹

Several of the States passed laws to aid the State banks in organizing under the national system and many of them made the change during the years 1864 and 1865. The number of banks organized for the year ending October 31, 1864, was 453 with an aggregate capital of \$79,366,950, and the number organized for the year ending October 31, 1865, was 1014 with an aggregate capital of \$242,542,982. This was the year during which the impending levy of the ten per cent, tax drove nearly all banks desiring to continue their circulation into the new system. The number of organizations for the year ending October 31, 1866, was only 62 and for the next year only 10. The reorganization was accomplished with little friction and without arresting the ordinary business of the banks. The stocks of many of them increased in value and Comptroller McCulloch declared in 1864 that he knew "of no instance in which their real market value had been injuriously affected." Congress gave a preference by an Act of March 3, 1865, to State banks not having over \$75,000 of capital in entering the national system, but, in view of the ten per cent, tax on their notes, it was a rather humorous observation which was made by Comptroller Clarke, who succeeded Mr. McCulloch, that "nearly all of the State banks voluntarily changed."

The original limit imposed on the national bank circulation was \$300,000,000, and it was provided that \$150,000,000 should be apportioned to banks in the States and Territories according to population and the remainder at the discretion of the Secretary of the Treasury, with due regard to existing banking capital, resources, and business. Some conflict

¹ These sections refer in every case to "notes" or "circulating notes," and Mr. Edward Atkinson of Boston has expressed the conviction that they do not impose any tax upon certificates of deposit given by national, State, or private bankers to their depositors, even though such certificates might be printed for even amounts and used for general circulation.—*Journal of Commerce and Commercial Bulletin* Monday, July 29, 1895.